



CASH FOR SHORT SALES



Unaffordable mortgage? Now you have more incentives to act! Maybe you've had an unexpected income shortfall. Maybe you're experiencing sudden expenses like medical bills. Whatever your situation, you are not alone in having an unaffordable mortgage. The past two years in the housing market have shown a growing need for solutions in foreclosure avoidance, and the government is leading an initiative to provide those solutions.

The initiative is called Making Home Affordable, and one of its programs is the Home Affordable Foreclosure Alternatives Program, or HAFAs.

Also known as the "April Program," HAFAs is designed to help homeowners whose mortgage payments are too big for a loan modification to lower them to affordable levels. Loan modifications, which are handled by other programs under Making Home Affordable, can lower loan interest rates for those who are just out of reach of making their payments.

The biggest benefit HAFAs provides to homeowners is a \$3,000 incentive for a successful short sale or deed-in-lieu, two foreclosure alternatives.

HAFAs sets timeframes on the short sale process to increase the chances of success and shorten your waiting time. By also providing incentives to the lender, the program gives every party a further reason to avoid the foreclosure process.

SPECIFICS

A **short sale** is when the lender agrees for the property to be sold at a price lower than the mortgage balance owed.

A **deed-in-lieu** is when the lender receives the house deed in place of the mortgage balance, although in some cases the lender will still pursue the homeowner for the leftover mortgage balance, which is called a deficiency judgment. A HAFAs short sale or deed-in-lieu prohibits the participating lender from pursuing a deficiency judgment.





THE REAL INCENTIVES

While the \$3,000 homeowner incentive is a very appealing reason to pursue a short sale, it doesn't compare to the huge benefits of avoiding the foreclosure process. Here are some of the reasons why a short sale is a far better route for financial stability:

A short sale will only lower your credit score by as little as 50 points, as opposed to the 250 to 300 point drop from a foreclosure.

A short sale is not reported on your credit history. Foreclosure IS reported for at least 10 years.

Current and future employers actively check the credit of their employees, and a short sale will keep that credit check clean and free of negative reports.

You will be eligible for a Fannie Mae-backed loan just two years after a short sale, as opposed to five years after a foreclosure.

In some traditional short sales, and ALL HAFA short sales, the lender is prohibited from pursuing the homeowner for a deficiency judgment. That is not the case with a foreclosure.

If you ever pursue employment that involves a security clearance (police, military, CIA, etc), you will not need to worry about a short sale creating

SPECIFICS



Foreclosures also create large losses for the lender, so they will usually choose foreclosure alternatives first in order to salvage as much revenue as possible.

a challenge for that clearance, since it will not be reported on your credit.

In a loan with any mortgage company, a standard question asked is "Have you had property foreclosed upon or given title or deed-in-lieu thereof in the last seven years?" Going through a short sale will allow you to answer "no" to this question.

As you can see, a short sale allows you to sidestep many of the damaging effects of foreclosure. For that reason alone, you deserve to find out if a short sale will work for your situation.

Once you add the \$3,000 HAFA incentive to pursue this foreclosure alternative, it is hard to ignore the value of pursuing a short sale. Not everyone will be eligible for the HAFA Program, so you need to find out if you are. Contact me today so that we can assess your situation and figure out what your best possible options are.

As a CDPE-designated agent, I have been extensively trained in the full range of foreclosure alternatives for distressed homeowners, and I'm ready to help you get started on a path to a more stable tomorrow.

